



Congressman

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**OPENING STATEMENT OF
THE HONORABLE JOHN M. McHUGH
MWR PANEL HEARING ON MWR PROGRAM AND RESALE
ACTIVITIES OVERSIGHT**

Since this is the Panel's first meeting in the 106th Congress, I would like to recognize our new members before proceeding with the business of the hearing. The Panel is privileged to be joined by several new members. They are Bob Riley of Alabama, Silvestre Reyes of Texas, Robin Hayes of North Carolina, and Bob Andrews of New Jersey. Welcome to the Panel. I'm sure the increased interest in the Panel reflects greater concern with troop programs, and not a plan by Floyd Spence and Ike Skelton to give Marty and me greater supervision. I am pleased that Marty Meehan has agreed to stay on as the Panel's ranking member. I welcome the perspective of our new members, and of course, continue to rely on the wisdom and guidance of the old hands who remain.

Today, the Panel will hear testimony concerning service Morale, Welfare, and Recreation programs and resale activities. Since the services' MWR programs and resale activities are inextricably linked, and since the crowded schedule would not permit otherwise, we are combining our normal two hearings into a single, comprehensive hearing. Our witnesses today will address the range of issues facing MWR and, as usual, there are many. The Panel will hear from the Department of Defense and service policy chiefs in MWR and resale, as well as the DOD and service operators of MWR programs and resale programs. All the Department's considerable expertise and responsibility for MWR is assembled here today for the members to question.

I've learned in my time as chairman that service on the MWR Panel is never without controversy, and despite what logic would tell me, that some senior leaders in DOD (though none here today) might recommend changes that are contrary to the interests of military families. I'm talking now about the privatization issue.

Once again this year, the Panel must step in to defend important soldier programs from some who advocate change without considering the overall implications of the change they propose. We on the Panel understand the pressures on the services to seek out savings wherever you can find them. Your budgets are strained by continuous unplanned operations in the Persian Gulf and the Balkans. You are aggressively privatizing all manner of functions to glean money for modernization, and we are all living under the budget caps. I fully recognize the need to modernize and to provide adequate funds for base operations and family housing, and support a healthy pay raise for the troops.

Nonetheless, as a policy matter, we in Congress need to review what these changes may do to the face of military bases. I am not against change. I just want to make sure that change is driven for the right reasons, and that all the long term implications are considered.

As the services rush down the gilded road of privatization, seeking financial salvation, have they asked what the character of military bases will look like when it's over, or have they shifted the problem to major command and base commanders? Will base commanders be able to provide security? Will they be able to provide for the most basic services? Will MWR and resale professionals be available and willing to deploy to the hot spots of the world, or will we have to rework contracts before we can get help in Kosovo or the Persian Gulf? Will exchanges and commissaries be convenient and available to our military families, or will we have given over commercial enterprise on military bases to the lowest bidder?

I've been reminded that the current system was developed because commercial firms were unwilling to establish concessions offering reasonable prices for troops at remote bases. I'm not sure that anything has changed. I'm confident that we will find bidders for the largest bases, but even there, are we sure that adequate stores with reasonable prices will be established, or will military housing host unattractive strip malls gouging the military patron, providing no dividends to MWR programs? Surely, the smaller bases will be left out in the rush to privatize.

Last year, and the years before that, this Panel sent a clear message – we are solidly behind the morale, welfare, and recreation system. We've been told, and we believe, that these programs are essential elements to military readiness and the military community. And I'm talking about all the programs here – exchanges, commissaries, youth centers, child care centers, libraries – it's an integrated, interrelated package that begins to unravel if you remove any of the basic parts. Now, under admittedly great budget pressures, some services appear to be backsliding and are leaning toward wholesale privatization of military communities. Yes, we on the MWR Panel love and support the troops and their families. We also expect the service and department uniformed and civilian leadership to look after the long term interests of the troops. What disturbs me is the pell mell rush to privatize without consideration of the overall impact on the existing system, or of the impact on the essence of the close knit military community. If the department has new ideas on how bases of the future should look, then let's have a comprehensive proposal that members can assess. Let's not let today's short term budget problem create long term, far more costly problems, for tomorrow's leaders to handle – and I'm not persuaded that the problems that would be created by wholesale privatization will take very long to surface. For example, if the services intend to continue to provide traditional programs, how do they intend to fund them, if exchange dividends are no longer available?

Today, the Panel will examine this issue.

Additionally, I will ask the witnesses to speak about the scope of programs that should be offered, the levels of appropriated funds provided by their respective Services, and their commitment to capital improvements.

Non-appropriated funds by definition convey the idea that the money belongs to the troops, not the taxpayer. Unfortunately, the Services generally are not meeting departmental guidance for appropriated fund support of MWR programs. Any shortfall means that soldier money must make up the difference and fund programs for which taxpayer dollars should have been made available, but were not.

Within resale, there are a number of issues to be discussed, most related to the commissaries. In fact, we have asked a special panel of witnesses to discuss an issue of some controversy in recent years, the use of electronic scanner data within the Defense Commissary Agency and commercial industry.

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